

favorably received in Parliament, but after passing a second reading in the House of Lords were opposed by the government. Conferences and correspondence ensued which brought out some rather startling statements as to the policy of the government towards the Scotch note issues. Several of the objections made to the proposed bills were completely demolished by the representatives of the banks, and the government several times shifted their position. The government at first objected to legislation by private bill and suggested that the grant of new privileges in recent years to corporations had been accompanied by a review of those already possessed. They declared they were determined to oppose the grant of new powers if the three banks continued to ask for them accompanied by limited liability for notes. The banks promptly offered to cover their note issue by government securities to the amount of the circulation authorized by the Act of 1845 and by coin to the amount of the excess. The government then suddenly forgot their solicitude for the security of the circulation and intimated that they would give the banks a lease of the right of note issue for a fixed term, subject to a moderate royalty.

This was an important indication of public policy, for it grew out of the theory that the right of note issue was peculiarly an attribute of the state. It was based upon a measure dealing with English banks of issue which had been brought before Parliament by Lord Palmerston in 1865, but never became law. The government emphasized their leaning towards state note issues by an alternative proposition which they submitted,—that the banks join them in considering the terms upon which a state issue of notes, conducted through the agency of all the banks, and maintaining the *£1* circulation, might be introduced into Scotland in place of the existing circulation. The banks replied

the discussion which followed, that there were legal difficulties which were almost insuperable against extending unlimited liability for existing note issues to their shareholders, but they expressed their willingness to adopt other safeguards for the ultimate redemption of the notes.—Gilbart, *IL*, 4H-